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RECORDATION NO. 11755 Filed 1425

APR 30 1980 - 3 02 PM

INTERSTATE COMMERCE COMMISSION

11755-C
RECORDATION NO. 11755 Filed 1425

APR 30 1980 - 3 02 PM

GREENBERG IRWIN PELLMAN & SLADE
COUNSELORS AT LAW

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INTERSTATE COMMERCE COMMISSION

11755-~~F~~
RECORDATION NO. 11755 Filed 1425
HAROLD GREENBERG
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APR 30 1980 - 3 02 PM

INTERSTATE COMMERCE COMMISSION

11755-~~A~~
RECORDATION NO. 11755 Filed 1425

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INTERSTATE COMMERCE COMMISSION

11755-~~A~~
RECORDATION NO. 11755 Filed 1425
540 MADISON AVENUE
NEW YORK, N.Y. 10022
TEL: (212) 838-6670
TWX: 7105815043
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APR 30 1980 - 3 02 PM

INTERSTATE COMMERCE COMMISSION

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Office of the Secretary
Recordation Office
Interstate Commerce Commission

Twelfth St. and Constitution Ave., N.W.
Washington, D.C. 20423 O'Neil

Date APR 30 1980
Fee \$ 206.06

April 29, 1980

11755-~~B~~
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APR 30 1980 - 3 02 PM

INTERSTATE COMMERCE COMMISSION

RECEIVED
APR 30 2 52 PM '80
I.C.C. OPERATION BR

11755-~~F~~
Re: Recordation and Filing of Documents pertaining
to 120 Railroad Gondola Cars Numbered SB 6100
through SB 6149, inclusive, and PBR 5000 through
PBR 5069, inclusive

RECORDATION NO. 11755 Filed 1425

APR 30 1980 - 3 02 PM

INTERSTATE COMMERCE COMMISSION

Dear Sirs:

In accordance with the provisions of Section 11303 of the Revised Interstate Commerce Act, 49 U.S.C. §11303, and Part 1116 of Title 49 of the Code of Federal Regulations, we request that the enclosed documents be recorded and filed by the Interstate Commerce Commission (the "Commission").

A. Description of the Documents and the Parties Thereto

Enclosed herewith are two originals of the documents listed below. We request that one original of each document be recorded and filed in the order listed below. We request that the additional original be stamped by your office and returned to us.

1. EQUIPMENT LEASE AGREEMENT (the "Lease"), dated as of April 28, 1980, between McDonnell Douglas Finance Corporation, as lessor (the "Lessor"), and Emons Industries, Inc., as lessee (the "Lessee");

2. INDIVIDUAL EQUIPMENT RECORD TO THE LEASE, dated as of April 28, 1980, between the Lessor and Lessee;

3. LEASE ADDENDUM NO. 1 TO THE LEASE, dated April 28, 1980, between the Lessor and Lessee;

David H. Cox
C. Dunlap

Recordation Office
Interstate Commerce Commission

April 29, 1980
Page Two

~~4.~~ 4. GONDOLA CAR AGREEMENT NO. 3, dated September 7, 1979, between the Lessee and South Buffalo Railway Company ("South Buffalo");

~~5.~~ 5. SUPPLEMENT NO. 1 dated April 23, 1980, to Goldola Car Agreement No. 3, between the Lessee and South Buffalo;

~~6.~~ 6. ASSIGNMENT OF GONDOLA CAR AGREEMENT AND CONSENT AND AGREEMENT, dated as of April 28, 1980, among the Lessor, the Lessee and South Buffalo;

~~7.~~ 7. GONDOLA CAR AGREEMENT NO. 1, dated September 7, 1979, between the Lessee and Patapsco & Back Rivers Railroad Company ("Patapsco");

~~8.~~ 8. SUPPLEMENT AND AMENDMENT NO. 1, dated April 23, 1980, to Gondola Car Agreement No. 1 between the Lessee and Patapsco; and

~~9.~~ 9. ASSIGNMENT OF GONDOLA CAR AGREEMENT AND CONSENT AND AGREEMENT, dated April 28, 1980, among the Lessor, the Lessee and Patapsco.

The names and addresses for the parties to the transaction are:

EMONS INDUSTRIES, INC.
490 East Market Street
York, Pennsylvania 17403

MCDONNELL DOUGLAS FINANCE CORPORATION
3855 Lakewood Boulevard
Long Beach, California 90846

SOUTH BUFFALO RAILWAY COMPANY
1275 Daly Avenue
Bethlehem, Pennsylvania 18015

PATAPSCO & BACK RIVERS RAILROAD COMPANY
1275 Daly Avenue
Bethlehem, Pennsylvania 18015

Interstate Commerce Commission
Washington, D.C. 20423

4/30/80

OFFICE OF THE SECRETARY

Melvin S. Slade
Greenberg, Irwin & Pellman & Slade
540 Madison Avenue
New York, N.Y. 10022

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 4/30/80 at 3:00pm, and assigned re-recording number(s). 11755, 11755-A, 11755-B, 11755-C, 11755-D

11755-E
11755-F
11755-G
11755-H

Sincerely yours,

Agatha L. Mergenovich
Agatha L. Mergenovich
Secretary

Enclosure(s)

SE-30
(7/79)

11755

RECORDATION NO. Filed 1425

APR 30 1980 - 5:00 PM

EQUIPMENT LEASE AGREEMENT
INTERSTATE COMMERCE COMMISSION

Equipment Lease No. 324

THIS LEASE, dated as of this 28th day of April, 1980, by and between McDonnell Douglas Finance Corporation, a Delaware corporation, (hereinafter called "Lessor", which term shall include any assignee of McDonnell Douglas Finance Corporation's interests hereunder) and Emons Industries, Inc., a New York corporation (hereinafter called "Lessee"):

W I T N E S S E T H:

1. LEASE - Lessor hereby agrees to lease to Lessee and Lessee hereby agrees to hire from Lessor the units of equipment (hereinafter called "the equipment") described in the Individual Equipment Record (hereinafter called "IER") substantially in the form of Exhibit "A" and made a part hereof, and any subsequent IER's which may hereafter be made a part hereof as the same are or may be executed from time to time by the parties hereto.
2. TERM - The term of the lease for each unit of the equipment shall be as set forth on the IER applicable to such equipment and shall commence for each unit or units of equipment on the date of

the execution of a Certificate of Acceptance. The word "term" as used herein shall include any extensions of the original term.

3. RENT - Lessee shall pay Lessor rent with respect to each unit of equipment as stipulated in the IER for such unit of equipment, without deduction or offset, in the amounts and at the times set forth in such IER. In the event Lessee shall be in default in the payment of any obligation to be paid under this lease agreement, the Lessee shall pay Lessor, as additional rental, to the extent permitted by applicable law, interest on such unpaid rent from the date when such obligation was due to the date of payment at the rate of 13% per annum or such lesser amount as may represent the maximum permitted by applicable law (the "Agreed Rate"); provided, however, no such interest shall be payable if payment is made within the applicable grace period set forth in Section 17. All payments under this lease shall be payable at the office of Lessor at 3855 Lakewood Blvd, Long Beach, California 90846, Attention: Controller (18A-36), or its assigns (or at such other place as Lessor may from time to time designate in writing). Payments and expenditures made by Lessor to protect or preserve the equipment, or to enforce its rights hereunder, shall be due and payable when Lessee receives an invoice from Lessor evidencing such payment or expenditure. Lessor shall give Lessee notice of all such payments and expenditures within five days.

4. TAXES AGAINST LESSOR OR EQUIPMENT - Lessee agrees to pay and to indemnify Lessor against and hold Lessor harmless from, all registration fees, sales, use, personal property, stamp or other taxes, levies, imposts, duties, charges or withholdings of any

nature whatsoever together with any penalties, fines or interest thereon (collectively, "taxes, fees or other charges") imposed against Lessor, Lessee or the equipment or any part thereof by any Federal, state or local government or taxing authority, during the term or in connection with the termination of this lease, upon or with respect to the equipment or any part thereof or upon the purchase, ownership, delivery, leasing, possession, use operation, return or other disposition thereof, or upon the rentals, receipts or earnings arising therefrom, or upon or with respect to this lease (excluding, however, (i) any taxes imposed by the Federal government on, based on, or measured by, the net income of the Lessor and (ii) any income or franchise taxes imposed by any taxing authority other than the Federal government on, based on, or measured by, the net income of the Lessor which in the aggregate do not exceed the amount of any such taxes which would be payable to the taxing authorities of the jurisdiction, other than the United States of America, in which Lessor, or any affiliate of the Lessor, has its principal place of business if there was no allocation or apportionment to any other taxing authority), unless, and to the extent only that, any such taxes, fees or other charges are being contested by Lessee in good faith and by appropriate proceedings. In case any report or return is required to be made with respect to any obligation of Lessee under this Section or arising out of this Section, Lessee will either make such report or return in such manner as will show the ownership of the equipment in Lessor and send a copy of such report or return to Lessor or will notify Lessor of such requirement and make such report or return in such manner as shall be reasonably satisfactory to Lessor. Anything contained in

this Section to the contrary notwithstanding, if Lessor shall assign or convey its right, title and interest in and to this Lease, the equipment, or both, Lessee shall not be obligated to pay any taxes, fees, and charges imposed against Lessor, Lessee or the equipment which would not have been imposed had such assignment or conveyance not occurred. If claim is made against Lessor for any such taxes, fees or other charges referred to in this Section, Lessor shall promptly notify Lessee. If requested by Lessee in writing, Lessor shall, at Lessee's expense, take such action as Lessee may reasonably request with respect to such claim, including, without limitation, payment by Lessor of such tax under protest, if protest is necessary and proper. If payment is made, Lessor shall, at Lessee's expense, take such action as Lessee may reasonably request to recover such payment, including, without limitation, to permit Lessee in Lessor's name to file a claim or prosecute an action to recover such payment. All of the obligations of Lessee under this Section with respect to any taxes, fees, or other charges imposed or accrued before the expiration or other termination of this lease shall continue in full force and effect notwithstanding such expiration or other termination and are expressly made for the benefit of, and shall be enforceable by, Lessor.

Lessor and Lessee covenant and agree that Lessor shall have the sole right to utilize and to claim the investment credit and depreciation deductions on the equipment while subject to this Lease in the computation of Lessor's Federal, state and local tax returns and reports for any year during the term of this lease and the Lessee shall not utilize or claim or attempt to utilize or claim said investment credit or depreciation deductions for any tax

purposes whatsoever.

5. LESSEE'S FAILURE TO PAY TAXES, INSURANCE, ETC. - Should Lessee fail to make any or do any act as herein provided, then Lessor shall have the right, but not the obligation, without notice to or demand upon Lessee, and without releasing Lessee from any obligation hereunder, to make or do such act, including, without limitation, the right to pay, purchase, contest or compromise any encumbrance, charge or lien which affects the equipment, other than any encumbrance, charge or lien which is being contested by Lessee in good faith in appropriate proceedings which do not expose the equipment to any risk of confiscation, seizure or sale; and in exercising any such rights, incur any liability and expend whatever amounts it may deem necessary therefor.

6. USE -Lessee shall, or shall cause others to, use, operate, maintain and store the equipment in a careful and proper manner and shall comply with all laws, ordinances and regulations in any way relating to the possession, use, operation or maintenance of the equipment. Lessee shall not permit the equipment to be used for any use other than the use for which the equipment was manufactured. Lessee warrants and agrees that the equipment will at all times be used and operated under and in compliance with the laws of the jurisdictions in which the equipment may be located and operated. Lessee shall not permit the assignment of any equipment to service involving the regular operation and maintenance thereof outside of the United States of America except for de minimus use in the Dominion of Canada or the Republic of Mexico in the ordinary

interchange of traffic. Lessee shall not permit any liens, charges or encumbrances to be placed on or levied against the equipment other than liens, charges or encumbrances placed thereon by Lessor or by persons claiming against Lessor but not Lessee. Lessee agrees to procure and maintain in effect all licenses, certificates, permits and other approvals and consents required by federal, state, county, municipal or foreign laws and regulations in connection with the possession, use, operation and maintenance of the equipment. So long as no Event of Default shall have occurred and be continuing, the Lessee shall be entitled to the possession and use of the equipment during the term of this lease. So long as no Event of Default shall have occurred and be continuing, the Lessee may, with Lessor's written consent (which consent shall not be unreasonably withheld), (a) sublease the equipment to any person or entity, or (b) subject the equipment to assigned service agreements pursuant to the Car Service Rules of the Association of American Railroads (an "Assigned Service Agreement"), in each case for a term not extending beyond the term of this lease; provided that each such sublease or Assigned Service Agreement shall be made expressly subject and subordinate to this lease. Upon demand by Lessor, Lessee shall use its best efforts to give Lessor written notice of the exact location of the equipment.

7. IDENTIFICATION MARKS - Lessee, at Lessee's expense, shall cause each unit of equipment to be kept numbered with the road number set forth in the IER with respect thereto and will keep and maintain, or cause to be kept and maintained, plainly, distinctly, permanently and conspicuously marked by a plate or stencil printed in

contrasting color upon each side of each unit of equipment in letters not less than one inch in height as follows:

"Owned by McDonnell Douglas Finance Corporation
and subject to a Lease Agreement filed and recorded
with the Interstate Commerce Commission pursuant to
Section 11303 of the Revised Interstate Commerce Act"

with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the title of the Lessor to such unit of equipment, its rights under this lease and the rights of any assignee of Lessor hereof. The Lessee will not place any such unit of equipment in operation or exercise any control or dominion over the same until the required legend shall have been so marked on both sides thereof and will replace promptly any such names and word or words which may be removed, defaced or destroyed. The Lessee will not change the road number of any unit of equipment except in accordance with a statement of new road numbers to be substituted therefor, which statement previously shall have been submitted to the Lessor by the Lessee and filed, recorded or deposited in all public offices where this Lease shall have been filed, recorded or deposited. Except as above provided, Lessee will not allow the name of any person, association or corporation to be placed on the equipment as a designation that might be interpreted as a claim of ownership; provided, however, that the Lessee may cause the equipment to be lettered with the names, initials or other insignia customarily used by any affiliate of Lessee or any sublessee or other user permitted under Section 6 hereof, on railroad equipment used by them of the same or a similar type for

convenience of identification.

8. ALTERATIONS - Lessee shall not make any alterations, additions or improvements to any unit of the equipment which diminish the value or utility thereof without the prior written consent of Lessor. All alterations, additions or improvements required as compliance with governmental laws and regulations shall become the property of Lessor and shall be free of all encumbrances, claims or interests. The Lessee shall make no other additions or improvements to the equipment without the prior written consent of the Lessor unless the same are readily removable without causing damage to such equipment. Provided no Event of Default has occurred and is continuing, title to such readily removable additions or improvements shall remain with the Lessee unless such removable additions or improvements are not removed by the Lessee prior to the return of the equipment to the Lessor.

9. MAINTENANCE AND REPAIR - Lessee, at its sole cost and expense shall (i) keep, or cause others to keep, the equipment in good operating order, repair, condition and appearance and furnish, or cause others to furnish, any and all parts, mechanisms or devices required to keep the equipment in good mechanical and working order; (ii) maintain, or cause others to maintain, the equipment in a careful and proper manner and in compliance with all applicable laws, ordinances, rules, requirements and regulations, including, without limitation, the applicable rules of the United States Department of Transportation and the Interstate Commerce Commission and the applicable current Interchange Rules, or supplements

thereto, of the Mechanical Division, Association of American Railroads and all manufacturer's instructions and warranty requirements; and (iii) pay, or cause others to pay, for all service, inspections, overhauls, replacements, substitutions, materials and labor necessary or desirable for the proper use, repair, operation and maintenance of the equipment.

10. DELIVERY INSPECTION; ACCEPTANCE - Prior to execution of a Certificate of Acceptance, Lessee shall have made all necessary inspections and tests of the equipment referred to in such Certificate of Acceptance at Lessee's sole expense, to determine whether the equipment conforms to the specifications applicable to the equipment. If the equipment is found to be acceptable by Lessee, Lessee shall accept delivery of such equipment on behalf of Lessor and execute a Certificate of Acceptance stating that such equipment has been inspected and accepted by Lessee on the date of such Certificate of Acceptance and is marked in accordance with Section 7 hereof, whereupon such equipment shall be subject thereafter to all the terms and conditions of this Lease. Lessee shall advise Lessor in writing at the time of execution of the Certificate of Acceptance of any defect or objection to the type or condition of the equipment which it may pursue against the manufacturer. Lessee's failure to advise Lessor of any defect or objection with respect to any unit of equipment shall not establish the absence of any such defect insofar as the manufacturer or supplier thereof is concerned. Lessee shall indemnify, exonerate and save harmless Lessor from all claims, damages, actions, expenses (including reasonable attorneys' fees), and liabilities of any kind arising out of or connected with the failure or refusal of Lessee to accept, or the delay of Lessee in accepting the equipment.

11. INSPECTION - Lessor shall at any time during normal business hours have the right to enter the premises of the Lessee or any affiliate of the Lessee where the equipment may be located for the purpose of inspecting and examining the equipment, its condition, use, and operation to ensure compliance by Lessee with its obligations under this lease. Notwithstanding the foregoing, Lessor shall have no duty to inspect or examine and shall not incur any liability or obligation by reason of not making any such inspection or examination.

Lessee shall notify Lessor within ten days of any accident connected with the use, operation or malfunction of the equipment which will require repairs to any unit of equipment in excess of \$15,000, including in such report the time, place and nature of the accident, the damage caused to property, the names and addresses of persons injured and of witnesses, and such other information as may be pertinent to Lessor's investigation of such accident.

Lessee shall notify Lessor in writing within ten (10) days after Lessee has knowledge that any attachment, tax lien or other judicial process has attached or shall attach to any unit of equipment.

Lessee shall, within ninety (90) days after the close of each quarter and fiscal year of Lessee, furnish to Lessor copies of Lessee's financial reports prepared by it as of the close of such period, including Lessee's balance sheet and profit and loss statement.

statement, with said fiscal year reports certified to by the Lessee's certified public accountants. Lessee also agrees to furnish Lessor during the term, promptly upon their availability, copies of all financial statements, reports, notices and of all regular and periodic reports filed by Lessee with principal securities exchange on which the common stock of Lessee is listed, if any, or with the Securities and Exchange Commission, including reports on Forms 10K and 10Q. Further, Lessee agrees to furnish Lessor from time to time such other information as Lessor may reasonably request.

12. WARRANTIES - LESSOR IS NOT A MANUFACTURER OF THE EQUIPMENT OR A DEALER IN SIMILAR EQUIPMENT AND HAS NOT INSPECTED THE EQUIPMENT PRIOR TO DELIVERY TO AND ACCEPTANCE BY LESSEE. LESSOR BY VIRTUE OF HAVING LEASED THE EQUIPMENT UNDER THIS LEASE OR BY VIRTUE OF ANY NEGOTIATIONS IN RESPECT TO THIS LEASE HAS NOT MADE AND DOES NOT MAKE ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO TITLE, DESIGN, COMPLIANCE WITH SPECIFICATIONS, CONDITION, QUALITY, DURABILITY, SUITABILITY, MERCHANTABILITY OR FITNESS FOR USE OR OR FITNESS FOR A PARTICULAR PURPOSE OR AS TO ANY OTHER WARRANTY WHATSOEVER, EXPRESS OR IMPLIED, WITH RESPECT TO THE EQUIPMENT.

Lessee hereby waives any claim it might have against Lessor for any loss, damage or expense caused by the equipment, by any defect therein, by the use, maintenance or servicing thereof or by any adjustment thereto. During the term of this lease, so long as no Event of Default has occurred and is continuing, Lessor hereby assigns to Lessee all of Lessor's rights under any manufacturer or

dealer warranty, whether express or implied, on the equipment covered by this lease. All claims or actions on any warranty so assigned may be prosecuted by Lessee in Lessor's name, at Lessee's sole expense and Lessor shall have no obligation whatsoever to make any claim on such warranty. Lessor further authorizes Lessee to obtain whatever service to the equipment the manufacturer customarily renders, provided that such service shall not be at the expense of the Lessor.

13. INSURANCE - Simultaneously upon passage of risk of loss from the vendor, Lessee at its own expense shall maintain public liability and property damage liability insurance with respect to the equipment in an amount not less than that provided in the I.E.R, single limit coverage, insuring against liability for death, bodily injury and property damage resulting from ownership, maintenance, use or operation of the equipment. Said insurance shall not require any contribution from any excess insurance applicable to the equipment carried by Lessor. All such insurance shall name Lessor and Lessee as insureds, and shall be in amounts and with companies of nationally recognized standing. Said policies shall provide that they may not be altered or canceled by the insurer without thirty (30) days prior written notice to Lessor. Losses shall be paid to, Lessor and its assignee, if any, and to Lessee as their interests appear. Lessee's obligation to keep the equipment insured as provided herein shall continue until the equipment is returned to Lessor in accordance with the terms hereof.

Lessee shall furnish Lessor with all insurance policies or

certificates, and endorsements or renewals thereof, applicable to the equipment as soon as such documents become available to Lessee.

14. RISK, EVENT OF LOSS, CONDEMNATION - For purposes of this lease, the term "Stipulated Loss Value" as of any date of computation for a unit of equipment is that percentage of equipment cost in the IER which is opposite the rental payment last received by Lessor for such unit of equipment.

(a) DEFINITION - EVENT OF LOSS: For purposes of this Lease, an Event of Loss with respect to any unit of equipment shall mean any ~~of the following events with respect to such equipment:~~ (i) the actual or constructive total loss of such equipment; (ii) such equipment shall become lost, stolen, destroyed or damaged beyond economic repair as determined by Lessee or permanently rendered unfit for intended use for any reason whatsoever; or (iii) the condemnation, confiscation or seizure of, or requisition of title to or use of such equipment.

(b) DEPRIVATION CONSTITUTING AN EVENT OF LOSS: Upon the occurrence of an Event of Loss, Lessee shall pay or cause to be paid on the rent payment date next succeeding the date of such Event of Loss in immediately available funds: (i) accrued rentals, if any, in respect of such equipment to the date of such Event of Loss, and (ii) the greater of Stipulated Loss Value computed as of the date of such Event of Loss or the AAR Settlement Value payments received, if any, by Lessee from a non-affiliated railroad. At such time as Lessor has received the sum of (i) and (ii), above, the obligation of Lessee to pay rent hereunder with respect to such unit of

equipment shall terminate and Lessor will deliver to Lessee a bill of sale, and such other documents as Lessee may reasonably request, sufficient to transfer to Lessee, all of Lessor's right, title and interest in and to the equipment with respect to which such Event of Loss occurred, free and clear of any liens or encumbrances arising by, through or under the Lessor or any affiliate of the Lessor.

(c) DEPRIVATION NOT CONSTITUTING AN EVENT OF LOSS: In the event of damage to any unit of equipment not constituting an Event of Loss, Lessee shall remain obligated to make all payments of rent ~~for the equipment which~~ may become due hereunder in the same manner as if such damage had not occurred. Lessee shall repair and restore such equipment to the condition it was in immediately prior to the occurrence which gave rise to such damage. So long as no Event of Default shall have occurred and be continuing, all payments from insurance proceeds or otherwise with respect to any such damage shall be paid over to Lessee upon receipt of satisfactory evidence by Lessor that Lessee has repaired or contracted to repair such equipment. Should an Event of Default have occurred and be continuing, all such payments shall be paid over to and retained by Lessor and applied toward Lessee's obligations hereunder.

(d) APPLICATION OF PAYMENTS: Upon the occurrence of any Event of Loss, Lessor shall be entitled to and shall receive any award, judgment, settlement, insurance proceeds or payments and all installments thereof paid in respect of any unit of equipment which was the subject of an Event of Loss, but only to the extent of Lessee's obligations under 14(b) hereof; provided, however, that if

the Lessee has previously paid the amounts due under Section 14(b), and no Event of Default has occurred and is continuing, the Lessee shall be entitled to the proceeds of any award, judgment, settlement, insurance proceeds or payments and all installments thereof.

15. INDEMNITY - Except as otherwise provided in Section 4 hereof, Lessee agrees to defend at its own cost and to indemnify and hold harmless Lessor, its agents and employees, from and against any and all loss, claims, patent infringements, costs, expenses, damage and liabilities (including reasonable attorneys' fees), however caused, resulting directly or indirectly in any manner from the assignment of Lessee's purchase order, ownership, purchase, delivery, lease, possession, return, disposition, or directly or indirectly from or pertaining to the use, condition (including without limitation latent or other defects whether or not discoverable) or operation, of the equipment, or the insignia or markings thereon, the performance of this lease (including without limitation such loss, claims, costs, expenses, damages and liabilities arising from the death or injury to agents or employees of Lessee or Lessor or any third person, or damages resulting from late delivery of the equipment at the termination or conclusion of the lease term, or resulting from failure to re-deliver the equipment in the condition required hereunder, or damage to the property of Lessee or Lessor, their agents or employees, or any third person, firm or corporation except for such damages, losses, expenses or liabilities arising out of the gross negligence or willfull misconduct of Lessor, its agents or employees. This indemnification shall survive the expiration or

other termination of this lease for the benefit of and shall be enforceable by the Lessor.

16. RETURN OF EQUIPMENT - Upon the expiration or earlier termination of this lease, Lessee, at its expense, shall deliver each unit of equipment to Lessor or its designee, either (i) on the storage tracks of the Maryland and Pennsylvania Railroad Company, or (ii) to any location designated by Lessor within a 100 mile radius of Chicago, Illinois. At the time of delivery, each unit of equipment shall be empty, free from residue, in the same good order and condition as when delivered to Lessee hereunder, normal wear and tear excepted, and in the condition and repair required according to the Interchange Rules of the Association of American Railroads. Lessee shall, on demand, reimburse Lessor for the expense of cleaning any item of equipment that contains residue and for such other costs which may be incurred to place such item of equipment in the condition described above. If requested by Lessor, Lessee shall provide Lessor with free storage of the equipment, upon the storage tracks of the Maryland and Pennsylvania Railroad Company, for up to 90 days, and thereafter for a period not to exceed one year, will lease track space to Lessor at Lessee's standard track lease rate per month; provided, however, that Lessee shall be permitted to provide alternative storage track space which shall be reasonably acceptable to Lessor. All movement and storage of each such unit of equipment over the distances and for the periods specified above is to be at the risk and expense of the Lessee. During any storage period, Lessee will permit Lessor or any person designated by it, including the authorized representative or representatives of any

prospective purchaser of any such unit of equipment to inspect the same. Lessee further agrees, at Lessor's request, to paint over Lessee's markings on the equipment and to place such other markings on the equipment as Lessor may designate, all in accordance with Lessee's normal painting procedures and at Lessee's expense.

If any unit of equipment is not redelivered to Lessor or not delivered to a subsequent lessee designated by the Lessor on or before the date on which the term ends, Lessee shall pay rental for each day that such unit of equipment is not delivered as required herein at the rental rate required under this lease prorated on a daily basis. Lessee shall pay Lessor on or before the last day of each month the amount Lessee is obligated to pay to Lessor for such month under this Section.

17. DEFAULTS, REMEDIES, DAMAGES -

(a) DEFAULTS: The following events shall constitute Events of Default

(1) Lessee shall fail to make payment of any ordinary rent installment to Lessor when due under this lease and such failure to pay shall continue for a period of ten (10) or more days; or

(2) There shall occur any termination of any insurance required to be maintained by Lessee pursuant to this lease; or

(3) Lessee shall fail to perform or observe any other covenant, condition, or agreement to be performed or observed by it

hereunder and such failure shall continue unremedied for a period of thirty (30) days after written notice thereof by Lessor to the Lessee; or

(4) Any representation or warranty made by Lessee herein or in any document or certificate furnished Lessor in connection herewith shall be incorrect at the time made in any material and adverse respect; or

(5) Any obligation of Lessee for the payment of borrowed money, or the deferred purchase price of property or for the payment of rent or hire under any lease in an amount exceeding, in the aggregate, \$250,000 shall not be paid when due and the period of grace, if any, with respect to such payment shall have elapsed, other than any obligation which is being contested in good faith in appropriate proceedings which do not expose the equipment to any risk of confiscation, seizure or sale.

(6) Lessee shall become insolvent or bankrupt or make an assignment for the benefit of creditors or consent to the appointment of a trustee or receiver; or a trustee or a receiver shall be appointed for Lessee or for a substantial part of its property without its consent and shall not be dismissed within a period of sixty (60) days; or bankruptcy, reorganization, or insolvency proceedings shall be instituted against Lessee, and shall not be dismissed within a period of sixty (60) days.

(b) REMEDIES: To the extent permitted by, and subject to

compliance with, applicable law at the time in effect, upon the

occurrence of any Event of Default and at any time thereafter so

long as the same shall be continuing, Lessor, at its option, may do

one or more of the following with respect to any or all equipment.

(1) Proceed (by appropriate court action or actions either

at law or in equity, to enforce performance by Lessee of the

applicable covenants of this lease and to recover damages for the

breach thereof;

(2) Repossess with or without notice and sue for the rentals due hereunder as they accrue without notice and at Lessee's costs and expenses;

(3) Repossess and without terminating the lease hold the equipment until the Lessee shall have complied with all obligations under the lease;

(4) Repossess with or without notice and sell, relet, use, hold or otherwise dispose of the equipment;

(5) Without repossessing, declare all unpaid rentals immediately due and payable;

(6) Repossess and terminate the lease.

(c) DAMAGES: Lessor and Lessee agree that the measure of damages is impossible to determine in the absence of prior agreement. Therefore, the parties agree that as damages for the loss of a bargain and not as a penalty Lessor shall, upon notice (the "Notice") to Lessee specifying a date of payment (the "Payment Date"), be entitled to:

(i) SALE: Where a sale has occurred, an amount calculated by subtracting (x) the Net Proceeds of Sale from (y) the Stipulated Loss Value at the time of sale.

(ii) RELETTING: Where a reletting has occurred, an amount calculated by subtracting (x) the aggregate rentals due under the reletting discounted at Prime from (y) the lesser of (a) the Stipulated Loss Value at reletting, or (b) the aggregate unpaid lease rentals discounted at Prime.

(iii) Where neither a reletting nor a sale has yet occurred, an amount calculated by subtracting (x) the greater of (a) the Stipulated Loss Value at time of determination, or (b) aggregate unpaid lease rentals discounted at Prime, from (y) the lesser of the Aggregate Fair Market Rental discounted at Prime and the Aggregate Fair Market Sales Value.

In addition to that set out in (i), (ii) and (iii), Lessor shall be entitled to: (a) the unpaid rent from default until the earliest of the date of sale, reletting, or the Notice, and (b) interest on all amounts due including rent and

damages from the Payment Date until actual payment at the Agreed Rate.

For purposes of this Section the following definitions apply:

(1) DISCOUNTED: Reduction to present value as of the date of sale, reletting or determination of damages, whichever is applicable, at the stated interest rate and at a frequency equal to the frequency of rental payments under this lease.

(2) AGGREGATE FAIR MARKET VALUE shall be determined by a recognized independent appraiser selected by Lessor and, provided no Event of Default has occurred and is continuing, acceptable to Lessee on the basis of, and shall be equal in amount to, the value which would obtain in an arm's-length transaction between an informed and willing buyer (other than a lessee currently in possession) and an informed and willing seller under no compulsion to sell and, in such determination, costs of removal from the location of current use shall not be a deduction from such value.

(3) AGGREGATE FAIR MARKET RENTAL shall be determined by a recognized independent appraiser selected by Lessor and provided no Event of Default has occurred and is continuing, acceptable to Lessee on the basis of and shall be equal in amount to, the rental which would obtain in an arm's-length transaction between an informed and willing lessee (other than a lessee currently in possession) in the same business as Lessee and a willing lessor

under no compulsion to lease and, in such determination, costs of removal from the location of current use shall not be a deduction from such rental.

(4) NET PROCEEDS OF SALE: The gross consideration received by Lessor less all expenses associated with sale, including but not limited to refurbishing, repair, advertising and reasonable legal fees (exclusive of Lessor's in-house counsel).

(5) PRIME: Best rate then charged by The Chase Manhattan Bank of New York for 90-day loans to substantial commercial borrowers.

(d) To the extent permitted by applicable law, each and every power and remedy herein specifically given to Lessor shall be in addition to every other power and remedy specifically so given or now or hereafter existing at law or in equity, and each and every power or remedy may be exercised from time to time or simultaneously and as often and in such order as may be deemed expedient by Lessor. All such powers and remedies shall be cumulative and the exercise of one shall not be deemed a waiver of the right to exercise any other or others. To the extent permitted by applicable law, no delay or omission of Lessor in the exercise of any such power or remedy and no renewal or extension of any payments due hereunder shall impair any such power or remedy or shall be construed to be a waiver of any default or an acquiescence therein. In the event that Lessor shall bring any suit or action to enforce any of its rights hereunder, then in such suit or action Lessor may

recover reasonable expenses, including reasonable attorneys' fees, and the amount thereof shall be included in such judgment.

Lessee hereby appoints Lessor, Lessee's irrevocable agent and attorney-in-fact to execute all documents deemed necessary to release, terminate and void Lessee's interest in any equipment leased hereunder and to file said documents for recordation with appropriate agencies provided that an Event of Default has occurred and is continuing and Lessor in its discretion deems use of this agency necessary to effect any remedy Lessor chooses to take.

18. ASSIGNMENT BY LESSOR - Lessor may assign, pledge or in any other way transfer this lease either in whole or in part, or any interest therein without notice to Lessee and Lessee shall execute such consents thereto as may be required by Lessor. Should this lease or any interest therein be assigned or should the rentals hereunder be assigned, no breach or default by Lessor of this lease or any other agreement between Lessee and Lessor shall excuse performance by Lessee of any provision hereof.

19. OWNERSHIP BY LESSOR - The equipment is and, except as otherwise specifically provided herein, shall at all times remain the sole and exclusive property of Lessor. Except as otherwise specifically provided herein, the only interest Lessee shall have in the equipment is that of Lessee hereunder.

20. PROHIBITION AGAINST SETOFF, COUNTERCLAIM, ETC. - Lessee's obligation to pay all amounts due hereunder shall be absolute and unconditional and shall not be affected by any circumstance,

including, without limitation (i) any setoff, counterclaim, defense, or other right which Lessee may have against Lessor, or (ii) any defect in the title, condition, design, operation or fitness for use of, or any damage to or loss or destruction of, the equipment, or any interruption or cessation in the use of possession thereof by Lessee for any reason whatsoever.

Lessee hereby waives, to the extent permitted by applicable law, any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise (except such rights as are provided in Section 14 hereof) to terminate, cancel, quit or surrender this lease.

Except in the case of clerical error, each rent payment made by Lessee shall be final and Lessee will not seek to recover all or any part of such payment from Lessor for any reason whatsoever.

21. REPRESENTATION AND WARRANTIES OF LESSEE - Lessee represents and warrants: (i) at the time Lessor becomes owner of the equipment, the equipment will be new and unused and not have been placed in service by Lessee; (ii) that Lessee is a duly organized corporation with necessary power and qualifications to do business and to perform this lease, the Purchase Order Assignment dated as of the date hereof (the "Assignment") between Lessor and Lessee and the Assignment of Gondola Car Agreement dated as of the date hereof (the "Gondola Car Agreement Assignment"), between Lessor and Lessee and the Railroad and any exhibits hereto or thereto; (iii) that this Lease, the Assignment and the Gondola Car Agreement Assignment have been duly authorized by all necessary corporate action and will not

contravene or breach any legal, organizational or contractual obligation or regulation binding upon Lessee; (iv) that this lease, the Assignment and the Gondola Car Agreement Assignment constitute the legal, valid and binding obligations of Lessee enforceable in accordance with their respective terms; (v) that, other than as previously disclosed in writing to and acknowledged in writing by, the Lessor, there are no suits or proceedings pending or threatened which, if adversely determined, would have an ^{material} adverse effect on Lessee's financial condition or business; (vi) that, prior to the date, if any, that Lessee acquires title to any unit of equipment, and except as contemplated by this Agreement, no mortgage, deed of trust, charter, lease or other lien or security interest of the Lessee will attach to the equipment; (vii) that Lessee's financial statements dated December 31, 1979, fairly present the financial condition of Lessee as of such date; (viii) the execution and delivery of this lease, the Assignment and the Gondola Car Agreement Assignment and all documents entered into by Lessee in connection with this transaction have been duly authorized by all necessary corporate or other action and, except as provided under Section 11303 of the Revised Interstate Commerce Act, do not require the consent, approval or withholding of objection by any person, party or governmental agency.

22. NOTICES - All notices required under the terms and provisions hereof shall be in writing and addressed (i) to Lessee: Emons Industries, Inc., Attention: Chairman of the Board, at 490 East Market Street, York, Pennsylvania 17403 or at such other address as Lessee shall from time to time designate in writing to Lessor, or

(ii) if to Lessor: McDonnell Douglas Finance Corporation,
Attention: President, at 3855 Lakewood Boulevard, Long Beach,
California 90846, or at such other address as Lessor shall from time
to time designate in writing to Lessee.

23. CONDITIONS PRECEDENT - As conditions precedent to Lessor's
duties under this Lease, Lessee shall furnish Lessor on or before
the delivery of the initial IER the following: (a) an opinion of
counsel in form and substance reasonably satisfactory to Lessor, (b)
certified copies of necessary resolutions and other documents
authorizing this lease, the Assignment and the Gondola Car Agreement
Assignment and Lessee's performance hereunder and thereunder, and
(c) such other documents as Lessor may reasonably require.

24. APPLICABLE LAW, MODIFICATIONS - This lease shall be governed by
and construed according to the laws of the State of California. The
terms hereof shall not be waived, varied, contradicted, explained,
amended or changes in any other manner except by an instrument in
writing of even or subsequent date hereto, executed by both parties.

25. RECORDING, REGISTRATION AND FILING - The Lessee agrees and
covenants that prior to the delivery and acceptance of the first
unit of equipment, Lessee will, at its sole expense, cause this
lease to be duly filed, registered or recorded in conformity with
Section 11303 of the Revised Interstate Commerce Act and in other
such places within or without the United States required by law or
as Lessor may reasonably request and will furnish the Lessor proof
of such filing, registration or recordation. In addition, Lessee

will, as reasonably requested by Lessor, at Lessee's cost and expense, do and perform any other act and will execute, acknowledge, deliver, file and register, record and deposit and will re-file this lease as required by law in the United States and file such other documents reasonably requested by Lessor including without limitation, financing statements under the Uniform Commercial Code (which, notwithstanding the intent of Lessor and Lessee that this is a true lease, Lessor shall have the right to file wherever and whenever Lessor requires), for the purpose of proper protection to the satisfaction of Lessor, (and/or of Lessor's assignee) of Lessor's title to any equipment (and/or of Lessor's assignee's, if any, in any of the equipment) or for the purpose of carrying out the intention of this lease and in connection with any such action will deliver to Lessor proof of such filings and an opinion of counsel that such action has been properly taken. Lessee will also pay, or will upon demand, reimburse Lessor, for all of the reasonable out-of-pocket costs and expenses incurred by Lessor in connection with this lease and/or Lessor's purchase of any of the equipment for lease hereunder, and for all fees and costs of any attorney specially retained by Lessor to take any action or proceeding to enforce the terms of this Lease.

26. Renewal Option - So long as no Event of Default (or event which, with notice or passage of time, or both, would constitute an Event of Default) shall have occurred and be continuing, Lessee shall have the right, at the conclusion of the term of this Lease, to extend this Lease as to all, but not less than all, the equipment on no less than 180 days' prior written notice to Lessor, for an

additional two-year period at the Fair Market Rental.

So long as no Event of Default (or event which, with notice or the passage of time, or both, would constitute an Event of Default) shall have occurred and be continuing, and provided Lessee has validly exercised its option to extend the term of this Lease for the initial two-year extension of the term of this Lease described above, Lessee shall have the right at the conclusion of initial extension of this Lease to extend the terms of this Lease as to all, but not less than all, the equipment on no less than 180 days' prior written notice to Lessor, for an additional two-year period at the Fair Market Rental.

If on or before four months prior to the expiration of then current term of this Lease, Lessor and Lessee are unable to agree upon a determination of the Fair Market Rental, such rental value shall be determined in accordance with the guidelines set forth in Section 17(c) (3) hereof. In the event the independent appraiser selected by Lessor is not approved by Lessee, a panel of three independent appraisers shall be chosen, one of whom shall be selected by the Lessor, the second by the Lessee and the third designated by the first two so selected. Lessor and Lessee shall make their selection of appraisers not less than 100 days prior to the expiration of the then current term of the Lease. If the Lessee fails to appoint an appraiser not less than 100 days prior to the expiration of the then current term of the Lease, or if such appraiser and

Lessor's appraiser shall fail to agree upon a third independent appraiser within 30 days after their selections, the appraiser selected by Lessor shall determine the Fair Market Rental alone, and within a period of 30 days. If three appraisers are appointed, they shall make their determinations within 30 days, and the rental values determined by the three shall be averaged. The determination which differs most from such average shall be excluded and the remaining two determinations shall be averaged to produce the final determination. The determinations made pursuant to this Section shall be conclusively binding upon both the Lessor and the Lessee.

The expenses and fees of the appraiser or appraisers shall be borne equally by Lessor and Lessee. All references to the "term" of this Lease shall be the term on the I.E.R. and any extension or extensions.

27. Time of Essence - Time is of the essence.

IN WITNESS WHEREOF, the parties hereto have caused this lease to be executed by their duly authorized officers on the day and year first written above.

LESSOR:

LESSEE:

MCDONNELL DOUGLAS FINANCE
CORPORATION

BY: D. H. Black
TITLE Vice Pres.

EMONS INDUSTRIES, INC.

BY: Robert Grossman
TITLE Chairman of the Board

ATTEST:

ATTEST:

BY

J. J. Maltese
Secy

TITLE

BY

Charles A. Phin
Asst. Secretary

TITLE

SEAL

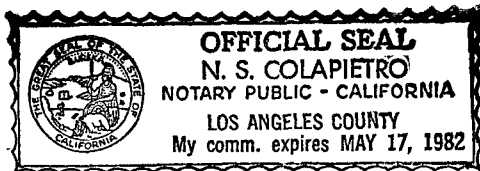
SEAL

STATE OF CALIFORNIA)

) SS

COUNTY OF LOS ANGELES)

On this 25TH day of April, 1980, before me personally appeared Don V. Black, to me personally known, who, being by me duly sworn, says that he is Vice-President, Commercial and Industrial Financing of McDonnell Douglas Finance Corporation that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



(Notarial Seal)

N. S. Colapietro
Notary Public

My Commission expires MAY 17, 1982

STATE OF *Pa.*)
COUNTY OF *York*) SS

On this *24th* day of *April*, 1980, before me personally
appeared *Robert Grossman* to me personally known, who, being
by me duly sworn, says that he

is *Chairman of the Board*

of *Emons Industries, Inc*

, that one of

the seals affixed to the foregoing instrument is the corporate
seal of said corporation, that said instrument was signed and
sealed on behalf of said corporation by authority of its Board
of Directors and he acknowledged that the execution of the
foregoing instrument was the free act and deed of said
corporation.

Edgar Slowinski

Notary Public

(Notarial Seal)

My Commission expires

MY COMMISSION EXPIRES
JANUARY 31, 1981
YORK, YORK COUNTY, PA